

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: LSA Doc #04-140
STATE AGENCY: Department of Insurance

DATE PREPARED: Jan 27, 2005
DATE RECEIVED: Dec 14, 2004

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Digest of Proposed Rule: The proposed rule amends 760 IAC 1-21 regarding definitions, filing of proof of financial responsibility, certificates of insurance, deposits, reserves, surcharge payment and amount, corporations as qualified health care providers, the annual aggregate, settlement of claims, and communication between the Department of Insurance (DOI) and the health care provider.

Governmental Entities: The DOI will not need to retain any additional staff to implement the provisions of the proposed rule. The rule will result in additional revenue being deposited into the Indiana Patient's Compensation Fund (PCF), which the DOI Commissioner administers.

There is no impact on local governmental units.

Background Information. Indiana has a cap on damages that can be awarded in a medical negligence case. The total cap is \$1,250,000. The health care provider is responsible for a maximum amount of \$250,000. The PCF provides an additional \$1,000,000 in coverage. Health care providers that choose to participate in the PCF pay a surcharge, similar to a premium, to the DOI. Health care providers other than physicians and hospitals currently are required to pay 100% of their underlying insurance premium to the PCF. The proposed amendment increases the surcharge to 110% of the cost of the underlying insurance for these health care providers.

Regulated Entities: All health care providers other than physicians and hospitals will incur a 10% increase in the surcharge due to the PCF. There are 13,631 providers in the affected category of ancillary providers (which are all health care providers other than hospitals and physicians). From June 2004 through May 2005, the projected surcharge from this category of health care providers is estimated at \$11,531,326 in the aggregate (if there were no increase). Applying a 10% increase would result in an aggregate impact of approximately \$1,153,132 to this group of health care providers.

Information Sources: Amy Strati, Acting Commissioner, Department of Insurance, 232-2385.